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## Legal Updates

**Supreme Court holds that the Electricity Act, 2003 does not provide for '*direct*' regulatory oversight by Commissions in respect of the distribution franchisees and an application for investigation under Section 128 can only be entertained if some satisfactory grounds are given**

In *Torrent Power Ltd v. U.P. Electricity Regulatory Commission & Ors.*, 2025 SCC OnLine SC 1410, the Supreme Court considered the jurisdiction of the Commissions under the Electricity Act, 2003 ("**the Electricity Act**") to entertain public interest matters.

The Appellant entered into a Distribution Franchisee Agreement (DFA) with Dakshinanchal Vidyut Vitran Nigam Ltd. for electricity distribution in Agra, which was challenged by a third party before the Commission on the ground that it violated Section 17 of the Electricity Act. The Commission held that the petition was maintainable on the ground of public interest and directed the constitution of an Expert Committee and an investigation into the performance of the Appellant as a franchisee. The Appellate Tribunal for Electricity ("**APTEL**") held that the petition was maintainable however, it was not a public interest litigation. It upheld the Commission's order and observed that Commissions have regulatory oversight over distribution licensees, and thus, the impact of franchisee activities can be considered.

While setting aside the judgment of the Commission and APTEL, vide judgment dated 14.07.2025, the Supreme Court has held as follows:

(a) Commissions are creatures of a statute and derive their jurisdiction and powers from the provisions of the Electricity Act. They are required to consider public / consumer interest in certain regulatory functions, particularly tariff determination, and are guided by government directions on policy matters involving public interest.

(b) Commissions are required to safeguard the consumer interests while specifying the terms and conditions for tariff determination as it directly affects consumer interest and therefore, implicates public interest [Sections 61 to 63].

(c) While consumer interest is important, the adjudicatory functions of the Commissions are limited to disputes between the licensees and generating companies. It does not include an individual consumer.

(d) Consumer Grievance Redressal Forums and Electricity Ombudsman have been set up for individual consumer grievances [Section 42(5)]. The same is provided under the Commissions' Regulations.

(e) Commissions are not competent to entertain petitions praying for investigation under Section 128 on the singular ground of public interest.

(f) Electricity Act does not provide for direct regulatory oversight by Commissions in respect of the distribution franchisees. They can exercise regulatory oversight over the distribution licensee's functions, including how the licensee delegates responsibilities to a franchisee. Thus, only the distribution licensee can be questioned.

(g) An investigation under Section 128 can only be ordered against a distribution licensee, not directly against its franchisee. Further, an application for it can be entertained only if some satisfactory grounds are given for initiating an investigation.

Section 17 applies to transactions between licensees, not with franchisees.

**Supreme Court hold that the Limitation Act applies to only arbitration proceedings under the Micro, Small and Medium Enterprises Development Act, 2006 and not conciliation proceedings**

In *Sonali Power Equipments Pvt. Ltd. v. Chairman, Maharashtra State Electricity Board & Ors.*, 2025 SCC OnLine SC 1467, vide judgment dated 17.07.2025, the Supreme Court addressed a critical question on whether time-barred claims could be entertained under the statutory dispute resolution mechanism provided under Section 18 of the Micro, Small and Medium Enterprises Development Act, 2006 ("**MSMED Act**").

The Appellants (small-scale industries) supplied transformers to the Respondent No. 1. Due to prolonged non-payment, they approached the Industry Facilitation Council, which later became subject to the MSMED Act regime. The Council awarded the claims and interest, which was set aside by the Commercial Court under Section 34 of the Arbitration and Conciliation Act, 1996 ("**AC Act**") on the ground of limitation. On reference, the Calcutta High Court (Full Bench) held that the Limitation Act, 1963 applied to MSMED Act arbitration proceedings and while it did not apply directly to conciliation, time-barred claims cannot be entertained as "amount due" does not include stale claims.

The Supreme Court partially overturned the decision of the High Court and has held as follows:

(a) Conciliation proceedings under Section 18(2) of the MSMED Act do not attract the Limitation Act and time-barred claims can be referred to conciliation.

(b) Conciliation is a non-adjudicatory or judicial process and non-coercive. The conciliator's role is to assist parties in reaching an amicable settlement and the proceedings can be terminated if no settlement is reached.

(c) The Limitation Act only bars the remedy and does not extinguish the underlying right. Thus, the right to recover a time-barred debt subsists even after the expiry of the limitation period.

(d) Settlement agreement on a time-barred claim through conciliation is precisely in the nature of a contract recognised and declared valid under Section 25(3) of the Contract Act.

(e) Arbitration proceedings under Section 18(3) of the MSMED Act are subject to the Limitation Act.

(f) There is a clear and apparent conflict between Section 2 (4) of the AC Act and Section 18(3) of the MSMED Act. Section 2 (4) generally excludes Section 43 for statutory arbitrations. Section 18(3) states that all provisions of the AC Act apply to an arbitration under it.

(g) Section 18(3) of the MSMED Act will prevail over Section 2(4) of the AC Act as the provisions of the MSMED Act has an overriding effect in case of inconsistency.

The Supreme Court also considered the effect of disclosure of the unpaid amount in the buyer's financial statements, as mandated under Section 22 of the MSMED Act, on extending the limitation period. The Court observed that this issue has to be examined on a case-to-case basis to determine whether it amounts to acknowledgment of debt as per the requirements of Section 18 of the Limitation Act. It is not uncommon for such entry to have notes annexed. Further, the auditor's report read with the balance sheet may indicate that such an entry does not amount to an acknowledgment.

**Supreme Court holds that the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 does not prohibit or restrain a generating company from supplying free power beyond 13% and that the interpretation of CERC Regulations falls within the exclusive domain of CERC and is not maintainable in writ jurisdiction**

In *State of Himachal Pradesh and Anr. v. JSW Hydro Energy Limited & Ors.*, Civil Appeal No. 12883/2024, vide judgment dated 16.07.2025, the Supreme Court held that the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 ("**CERC Regulations 2019**") does not prohibit or restrain a generating company from supplying free power beyond 13% (Regulation 55, Note 3). This cap is solely for the purpose of tariff calculation and recovery of charges from beneficiaries, not to modify existing contractual obligations.

The High Court directed the State of Himachal Pradesh to align an Implementation Agreement with JSW Hydro Energy Limited regarding the supply of free power. The dispute revolved around whether the CERC Regulations 2019, which caps free energy to the home state at 13% for tariff calculation purposes, overrides a contractual obligation for 18% free power.

The Supreme Court observed that the Regulations provides for a pass-through to the extent of 13% free power when determining the tariff that generating companies can recover from beneficiaries. Any supply beyond 13% must be borne by the generating company from its own resources. The contractual obligation to supply free power can be understood as a form of "royalty" or "compensation" payable to the State as compensation, in lieu of being allowed to utilise river water, which is a public and commons resource, for undertaking its commercial activity of power generation from which it derives benefits through sale of power. This interpretation balances the social justice obligation of the Regulatory Commission with the commercial viability of the generating company and public interest.

The Supreme Court held that the High Court erred in entertaining the writ petition as interpretation of CERC Regulations falls within the exclusive domain of CERC. The Electricity Act is a complete and comprehensive code for regulating the electricity sector. It provides statutory appellate mechanisms (APTEL and then Supreme Court appeal) against CERC orders. Recourse to writ jurisdiction is not justified when such efficacious alternate remedy exists, especially given the technical and specialized nature of the issues.

**Supreme Court holds that a tentative agreement to explore arbitration as a mode of settlement does not constitute a valid arbitration agreement**

In ***BGM AND M-RPL-JMCT (JV) v. Eastern Coalfields Ltd***., SLP (C) Diary No. 21451/2024, the issues involved were (a) whether a clause in an agreement containing the words "*may be sought*" would constitute an arbitration agreement and (b) whether the question of existence of an arbitration agreement should be left for the arbitral tribunal to decide. The Petition was filed against an order of the Calcutta High Court dismissing the Appellant's application under Section 11 of the Arbitration and Conciliation Act, 1996 ("**AC Act**") on the ground that no arbitration agreement existed between the parties as the word "*may*" did not indicate clear intention of the parties to refer the dispute to arbitration.

The agreement stipulated that in case of parties, other than government agencies, redressal of dispute "*may be sought*" through the AC Act. As per the Appellant, the High Court had to only *prima facie* satisfy itself on the existence of an arbitration agreement and the final call on the existence of an arbitration agreement is upon the arbitral tribunal, which is competent to rule on its own jurisdiction, including ruling of any objections on existence or validity of arbitration agreement. On the other hand, as per the Respondent, the relevant clause of the agreement was bereft of the essential ingredients to constitute an arbitration agreement and the use of the word "*may*" indicated that at the time of entering the agreement, the parties were not *ad idem* on referring present or future disputes between them to arbitration.

The Supreme Court has held that while considering an application for appointment of an arbitrator under Section 11, AC Act, the Court must see whether a plain reading of the clause would indicate the existence of an arbitration agreement, *prima facie*, satisfying the necessary ingredients of it, as required by Section 7, AC Act. However, the Supreme Court disagreed with the argument that the Court should straight away refer the matter to arbitration and leave it to the arbitral tribunal to decide whether an arbitration agreement exists or not. The Supreme Court relied on its judgment in *Interplay Between Arbitration Agreements under Arbitration, 1996 & Stamp Act, 1899*, (2024) 6 SCC 1.

The Supreme Court also held that a clause which merely indicates a desire or hope to have the disputes settled by arbitration or a tentative agreement to explore arbitration as a mode of settlement if and when a dispute arises would not constitute an arbitration agreement. Such clauses require the parties to arrive at a further agreement to go to arbitration, as and when disputes arise. Any agreement, or clause in an agreement, requiring or contemplating a further consent or consensus before a reference to arbitration, is not an arbitration agreement. The phraseology of the clause in this case was not indicative of a binding agreement that any of the parties on its own could seek redressal of *inter se* dispute (s) through arbitration. The Supreme Court has relied on its judgment in *Jagdish Chander vs. Ramesh Chander and Ors.*, (2007) 5 SCC 719.

**NCLAT holds that intervention applications under Section 60(5) of IBC cannot be entertained after the 3-year limitation period and at the terminal stage of the voluntary liquidation process**

In ***Nextgen Procon Pvt. Ltd. v. M.R.A Associates Pvt. Ltd.,*** Comp. App. (AT) (Ins) No. 1894/2024, vide its judgment dated 16.07.2025, the National Company Law Appellate Tribunal ("**NCLAT**"), has held that intervention applications under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") cannot be entertained if filed beyond the 3-year limitation period under Article 137 of the Limitation Act, 1963. It was further held that allowing an intervention application at the "terminal stage" is contrary to the statutory framework of voluntary liquidation, which emphasizes finality and time-bound processes.

In this case, the Corporate Debtor (through its liquidator) had challenged an order of the National Company Law Tribunal ("**NCLT**") that allowed the Respondent to intervene in proceedings under Section 59(7), IBC. The Respondent had filed the intervention application after the liquidator had filed an application for dissolution.

The primary contentions of the Appellant were that (a) the intervention application was hopelessly time barred and (b) it was filed after the liquidator had completed the voluntary liquidation process thereby undermining its finality.

In ***Sushil Jejani v. Prasad Dharap & Anr.***, Company Appeal (AT) (Insolvency) No. 449/2025, the NCLAT has considered various appeals arising out of the liquidation process of Jejani Pulp & Paper Mills Pvt. Ltd., where the primary dispute revolves around the auction sale of the Corporate Debtor's land. The promoter had filed an application to set aside the auction sale on the ground that the successful auction purchaser had not made the payment within 90 days as

**NCLAT holds that NLCT has the power to extend the mandatory 90-day period in '*extraordinary circumstances*' for the successful auction purchaser to pay**

per law and the liquidator was statutorily required to cancel the auction for the non-compliance. The said application was dismissed by NCLT, which decision was upheld by the NCLAT.

Vide judgment dated 18.07.2025, the NCLAT has held that Regulation 33 of the Liquidation Process Regulations, 2016, read with Schedule I, Clause 12, requiring the auction sale to be cancelled if the payment is not received within 90 days, is mandatory. However, under Section 35, IBC, read with Rule 11 of the NCLT Rules, 2016, NCLT is empowered to extend the payment timeline under '*extraordinary circumstances*'. This view has also been affirmed by the Supreme Court.

In this case, the successful auction purchaser was unable to make the payment within the prescribed time period as there was a restriction on the transfer of land under the Maharashtra Land Revenue Code. The liquidator had to eventually apply for conversion of the land as the application filed by the successful auction purchaser was declined. This issue led to litigation and an interim order was also passed restraining the liquidator from taking any coercive action against the successful auction purchaser.The NCLAT observed that the non-payment by the successful auction purchaser was not a wilful default as it was prevented by '*external circumstances*' detailed above.

**NCLAT holds that there is no requirement to issue a fresh demand notice for a second application under Section 95 of the Insolvency and Bankruptcy Code, 2016 if the previous demand notice was properly served**

In ***Virigneni Anjaiah v. M/s Pridhvi Asset Reconstruction and Securitization Company Ltd***., Company Appeal (AT) (CH) (Ins) No. 163/2024, two separate appeals were filed by personal guarantors challenging their admission into the Corporate Insolvency Resolution Process (CIRP) under Section 95, IBC. The main contention of the personal guarantors was that the proceedings were barred by limitation and a fresh demand notice was required to be issued after the previous dismissal.

Vide judgment dated 24.07.2025, NCLAT has upheld the decision of NCLT that the proceedings were within the limitation period and a previous demand notice, once properly served, is sufficient.

In this case, the NCLT had dismissed a previous application under Section 95, IBC, on the ground that the mandatory demand notice [Form B under Rule 7, IB (Application to Adjudicating Authority for Insolvency Resolution Process against Personal Guarantors to Corporate Debtors) Rules, 2019] was not proved to be served on the respective personal guarantor. The procedural defect was later cured when the notice was duly served and acknowledged. Thus, the statutory requirement for initiating proceedings under Section 95, IBC, stood fulfilled. Further, the factum of existence of debt and the amount of default had been admitted by the personal guarantors.

**NCLAT holds that the principles enshrined in the Code of Civil Procedure, 1908 with regard to power of the court to strike off or to add a party to the proceedings need to be followed while considering such applications filed before the NCLAT**

In ***Arcelormittal India Pvt. Ltd. v. SREI Infrastructure Finance Ltd. & Ors***., Company Appeal (AT) (Insolvency) No. 1038/2020, and *Arcelormittal Nippon Steel India Ltd. v. SREI Infrastructure Finance Ltd. & Ors*., Company Appeal (AT) (Insolvency) No. 1043/2020, various impleadment and intervention applications were filed.

Vide judgment dated 24.07.2025, the NCLAT held that the principles enshrined in the Code of Civil Procedure, 1908 ("**CPC**") with regard to power of the court to strike off or to add a party to the proceedings need to be followed while considering such applications filed before the NCLAT. The NCLAT considered various judgments passed by the Hon'ble Supreme Court with regard to Order 1 Rule 10 (2), CPC, and culled out the following principles to be followed:

(a) The party must establish that it has a direct interest as distinguished from a commercial interest in the subject matter of the litigation.

(b) The intervenor can be added to the proceedings if the intervenor has a cause of action against the plaintiff related to the subject matter of the existing action.
(c) The Court need not implead a party who has no direct interest in the subject matter of the litigation.
(d) The Court need not implead a party if it would result in causing serious prejudice to the other party or if it would lead to the substitution or the addition of new cause of action and would only widen the issue which is required to be adjudicated and settled.
(e) The Court cannot allow adjudication of collateral matters.
(f) If the Court finds that the addition of a party will alter the nature of the suit or introduce a new cause of action, it may dismiss the application, even if the party is found to be a proper party.

The NCLAT also examined the scope of allowing intervention under Order 1 (Rule 8A), CPC. The NCLAT observed that this provision empowers the Court to seek an opinion from a person or body of persons on question of law, which is akin to appointing an Amicus Curiae to assist the Court. It is an enabling provision empowering the Court to seek such an opinion and it cannot be read to mean that it has given any right to anyone to give its opinion on any question of law.

**MoEFCC notifies the Environment Protection (Management of Contaminated Sites) Rules, 2025**

On 24.07.2025, the Ministry of Environment, Forest and Climate Change ("**MoEFCC**") has published the Environment Protection (Management of Contaminated Sites) Rules, 2025 which aim to provide a systematic regulatory framework for identifying, assessing, and remediating contaminated lands that pose a risk to human health and the environment.

The framework outlines a multi-tiered process for identification (through local authorities and State Pollution Control Boards), preliminary and detailed site assessments, classification of contaminated and potentially contaminated sites, and site-specific remediation plans. These rules mark a significant step towards enforcing the "*polluter pays*" principle.

The rules also define specific thresholds for hazardous substances in soil and groundwater under Schedule I and mandate State and Central Boards to prepare annual review reports. Additionally, a Central Steering Committee will monitor implementation, while financial responsibility will be shared between Centre and States as per specified ratios, with recourse to the Environmental Relief Fund under the Public Liability Insurance Act, 1991. Copy of the Environment Protection (Management of Contaminated Sites) Rules, 2025 can be accessed from the following *link.*

**Ministry of New and Renewable Energy has issued Draft Guidelines on RMS for inverter communication devices/ dongles/ data-logger with Centralised Platform under PM Surya Ghar: Muft Bijli Yojana**

The Ministry of New and Renewable Energy ("**MNRE**") vide its Office Memorandum dated 21.07.2025 has invited comments / suggestions on draft Guidelines on RMS for inverter communication devices/dongles/data-logger with Centralized Platform under PM Surya Ghar: Muft Bijli Yojana. The Draft Guidelines have been issued pursuant to the decision which mandates all original equipment manufacturers (OEMs) enlisted for the supply of inverters under the PM Surya Ghar: Muft Bijli Yojana shall connect inverters directly to National Servers and Software managed by MNRE and any other agencies designated by MNRE.

The draft guideline outlines the communication and security architecture required for seamless integration of Remote Monitoring Systems (RMS), deployed in grid connected solar power plants, with the Centralized Platform. It serves as a comprehensive reference for developers and system integrators to ensure standardized, secure and inter-operable data exchange across the solar energy ecosystem. The Draft Guideline deals with Security Architecture, RMS Registration, MQTT Topic Structure, Communication Modes, Communication Protocols, Keyword Abbreviation, MQTT Message Structure and JSON formats with parameter keywords, sample values and description.

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| | The comments / suggestions, if any, may be mailed to pmu-rts@gov.in by 31.07.2025. A copy of the Draft Guidelines can be found *here*. |
| **APTEL ruling brings PEDA within Regulatory purview of Electricity Commissions** | The Appellate Tribunal for Electricity **("APTEL")** vide its judgement dated 10.07.2025 in batch of appeals involving Punjab Energy Development Agency **("PEDA")**, Punjab State Electricity Regulatory Commission **("PSERC")**, Punjab State Power Corporation Ltd. **("PSPCL")**, and multiple renewable energy developers has ruled that PEDA can be made a party in disputes before State Electricity Regulatory Commissions under Section 86(1)(f) of the Electricity Act, 2003. The key issues were whether PEDA can be impleaded in regulatory proceedings and whether directions issued to it by the Commission are binding and appealable.<br><br>APTEL held that although PEDA is not a generator or licensee, its role is directly related to power generation and procurement for the state and its utilities, thereby falling within the regulatory scope of the Commission. The Tribunal emphasized that a narrow reading of Section 86(1)(f) would defeat the Act's purpose. It applied established principles of statutory interpretation, holding that the broader powers granted under Section 86(1)(b) must prevail when regulating such entities.<br><br>The appeals arose mainly from delays in renewable project commissioning and related financial disputes. Developers challenged actions taken by PEDA, such as encashment of performance bank guarantees or refusal to pay costs. APTEL observed that the Implementation Agreements signed with PEDA were closely tied to Power Purchase Agreements with PSPCL, making it impractical to separate the disputes across different legal forums.<br><br>The Tribunal concluded that Commissions have the authority to issue binding directions to agencies like PEDA and that such directions are appealable under Section 111 (1) of the Electricity Act. |
| **APTEL upholds ISTS classification of CTU-built assets, even if located within a single state** | APTEL vide its judgement dated 15.07.2025 in Appeal No. 66 of 2017 ***(TANGEDO vs CERC & Ors)*** has has ruled that transmission systems built by the Central Transmission Utility **("CTU")** qualify as part of the Inter-State Transmission System **("ISTS")** even if located entirely within one state. This ruling came while dismissing an appeal filed by the Tamil Nadu Generation and Distribution Corporation **("TANGEDCO")** against the Central Electricity Regulatory Commission's **("CERC")** order approving tariff recovery through the PoC mechanism for assets developed to evacuate power from the NP Kunta Solar Park in Andhra Pradesh.<br><br>The assets in question included a 400/220 kV substation at NP Kunta and a Line-In-Line-Out of the 400 kV Kadapa–Kolar transmission line. Although most of the solar power from the park was consumed within Andhra Pradesh, APTEL held that the location or usage pattern of the power does not affect the ISTS classification of the transmission system, as long as the system is built, owned, and operated by the CTU.<br><br>TANGEDCO had argued that the assets should be treated as a dedicated transmission system serving only one state and that the cost should not be socialized under the national PoC framework. However, APTEL rejected this, stating that such assets do not qualify as dedicated lines since they were not developed by the generating company but by a transmission licensee with due regulatory approval.<br><br>The Tribunal clarified that under the Electricity Act, 2003, and the CERC Sharing Regulations, 2010, CTU-built infrastructure qualifies as ISTS, regardless of whether interstate power flow is taking place. It further noted that there is no requirement for a separate transmission service |

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| | agreement for tariff recovery under the PoC system. The CERC order allowing recovery of the tariff through the national pool was upheld. |
| **CERC directs Phased Implementation of Market Coupling, starting with DAM by January 2026** | The Central Electricity Regulatory Commission **(“CERC”)** has directed a phased implementation of market coupling across all power exchanges, beginning with the Day-Ahead Market **(“DAM”)** by January 2026. The role of Market Coupling Operator **(“MCO”)** will be assigned on a rotational basis among Indian Energy Exchange, Power Exchange India Limited, and Hindustan Power Exchange, while Grid-India will serve as the fourth MCO for auditing and backup.<br><br>This move comes after a shadow pilot conducted by Grid-India demonstrated that DAM coupling resulted in measurable efficiency gains. The study showed an increase in overall market welfare by ₹380 million (0.3%) and a 52 MU (0.2%) rise in traded volume. There was no significant price impact due to skewed liquidity distribution, but positive welfare gains were recorded in every session. In contrast, the Real Time Market **(“RTM”)** coupling pilot showed minimal welfare gains (₹7.2 million or 0.01%) and negligible price impact. The RTM-SCED model showed daily cost savings of around ₹14 million, though the average cost per MWh rose slightly due to lower demand.<br><br>Given these findings, CERC has approved the rollout of DAM coupling, while coupling for RTM has been deferred and will be reconsidered after implementation experience is gained. RTM-SCED coupling, due to its complexity, has been kept for further stakeholder consultations and regulatory review. CERC has also instructed Grid-India to develop software for a shadow pilot in the Term-Ahead Market, covering contingency contracts. This will be followed by a three-month pilot and submission of a feedback report.<br><br>All power exchanges have been directed to share relevant data with Grid-India and the regulator to enable smooth implementation. CERC staff have also been tasked with initiating necessary regulatory amendments to operationalize market coupling.<br><br>The order can be accessed via the following *link*. |
| **BERC issues BERC (Renewable Purchase Obligation, its Compliance and REC Framework Implementation) Regulations, 2025** | Bihar Electricity Regulatory Commission **(“BERC”)** vide its order dated 18.07.2025 issued BERC (Renewable Purchase Obligation, its Compliance and REC Framework Implementation) Regulations, 2025 **(“BERC REC Regulation”)**.<br><br>As per Regulation 3 the BERC REC Regulation is applicable to all the obligated entities such as distribution licensee, any other person consuming electricity a)generated from conventional Captive Generating Plant having capacity of 1MW and above for his own use b) through cogeneration from sources other than renewable sources c)by procurement from conventional electricity generation through Open Access and for third party sale. Provided that for such obligated entities who are availing power partly through open access/ captive plant and partly through discoms, the Renewable Purchase Obligation shall be applicable to the extent of consumption of electricity from sources other than distribution licensee concerned. Regulation 4 deals with the Renewable Purchase Obligation and the total consumption of electricity by the Obligated Entity. It mentions that Hydro Power Obligation shall be met only by energy produced from Hydro Power Projects (including the Pump Storage Projects and Small Hydro Projects commissioned after 31.03.2024. The distributed renewable energy component shall be met only from the energy generated from renewable energy projects that are less than 10 MW in size and shall include solar installations under all configurations (net metering, gross metering, virtual net metering, group net metering, behind the meter installations and other configuration) notified by the Central Government. |

As per Regulation 6 the State Agency shall be the agency for accreditation and recommending the renewable energy projects for registration. Regulation 7 mentions that each distribution licensee shall indicate, along with sufficient proof , the estimated quantum of purchase from renewable energy sources for the ensuring year in tariff and that quantum of purchase shall be in accordance with Clause 4.1 and 4.1 (a) of the BERC REC Regulation.

As per Regulation 9 if an Obligated Entity does not fulfil the renewable purchase obligation during any year and also does not purchase the required certificates, BERC may direct the Obligated Entity to deposit into a separate fund to be created under the provisions of Bihar RE Policy 2025, such amount may be determined by BERC on the basis of the shortfall in units of Renewable Purchase Obligation and the fund may be deposited in the "Bihar Renewable Energy Development" fund. Regulation 10 mentions that BERC may appoint Compliance Auditors to inquire into and report on compliance of the BERC REC Regulation.

The BERC (Renewable Purchase Obligation, its Compliance and REC Framework Implementation) Regulations, 2025 may be accessed from the following *link*.

**KERC approves Karnataka Electricity Regulatory Commission (Ancillary Services) Regulations, 2025**

Karnataka Electricity Regulatory Commission ("**KERC**"), vide its order dated 15.07.2025, approved the Karnataka Electricity Regulatory Commission (Ancillary Services) Regulations, 2025.

These regulations aim to strengthen grid reliability and efficiency considering increasing renewable energy integration and evolving grid challenges. They provide a structured framework for procuring, deploying, and compensating ancillary services at the State level, ensuring the availability of adequate reserves within Karnataka's control area. The objective is to maintain grid frequency around 50 Hz, manage transmission congestion, and enhance overall system stability, while also promoting transparency, fairness, and innovation in grid operations. Copy of the KERC Ancillary Services Regulations, 2025 can be accessed from this *link*.

**KERC approves Karnataka Electricity Regulatory Commission (Intra-State Deviation Settlement Mechanism and Related Matters) Regulations, 2025**

KERC, vide its order dated 15.07.2025, approved the Karnataka Electricity Regulatory Commission (Intra-State Deviation Settlement Mechanism and Related Matters) Regulations, 2025 ("**DSM Regulations**"). These regulations aim to promote grid security and stability by using a commercial mechanism to ensure that all grid users strictly follow their approved schedules for electricity drawal and injection and avoid any deviations.

Some of the salient features are:

- Availability Based Tariff (ABT) framework, which comprises three components: (a) Fixed or Capacity Charges, paid to generators based on the capacity they declare available on a daily basis (in MW); (b) Energy or Variable Charges, paid based on the scheduled energy, regardless of the actual drawal (in MWh); and (c) Deviation Charges, which apply when there is a mismatch between scheduled and actual generation or consumption. While the fixed and energy charges are determined by KERC tariff orders, deviation charges are governed by these Deviation Settlement Mechanism (DSM) regulations.

- DSM Regulations apply to all grid-connected entities involved in inter- or intra-state electricity transactions within Karnataka. This includes generating stations owned by KPCL, all other conventional and renewable generators (excluding wind, solar, and wind-solar hybrid) above 5 MW, captive generating plants, and sellers supplying power through traders or exchanges. It also covers all distribution licensees drawing power through the State grid, and open access or captive consumers (excluding wind and solar) using grid infrastructure. Deviation charges specifically apply to single supply consumers ("**SSCs**"), and to generators that supply only to SSCs or to buyers outside Karnataka.

- Further provides the method for calculating deviations between scheduled and actual energy transactions. Every grid-connected entity is required to strictly follow its approved schedule. Deviations are measured in 15-minute time blocks and are calculated as the difference between scheduled and actual injection (for generators) or drawal (for consumers). Separate formulas are provided for general sellers, renewable energy generators (excluding wind and solar hybrid), and buyers.

- The State Load Dispatch Centre ("**SLDC**") is responsible for scheduling and matching supply and demand. Sellers must declare their available capacity daily (or monthly for short-term contracts), and buyers must submit their demand in 15-minute blocks. SLDC prepares and issues final schedules by 6 PM for the next day.

- For energy accounting, for SSCs, actual usage is compared with their scheduled drawal, adjusted for transmission or distribution losses. Any extra consumption is treated as deviation and charged under DSM rules. For multiple supply consumers ("**MSCs**"), total drawal is split between open access supply and power from the distribution licensee. Any additional drawal beyond open access is charged as per the licensee's tariff.

- DSM Regulation describes how the State Deviation Settlement Mechanism Account (SDSMA) is prepared and settled. SLDC handles monthly billing based on meter readings and final schedules, which are shared through their website. The billing includes details like energy deviations, charges, and any grid issues. Before issuing bills, SLDC confirms the data with all relevant parties. Once verified, the SDSMA bill is issued within five working days. Payments must be made within 10 days to the State Deviation Pool Account, managed by the distribution licensee (or another entity if directed by the Commission). Money received is then paid to eligible users within two working days. For state generators, payment timelines follow late payment surcharge (LPS) rules.

Copy of the (Intra-State Deviation Settlement Mechanism and Related Matters) Regulations, 2025 can be accessed from the following *link*.

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